



Early Journal Content on JSTOR, Free to Anyone in the World

This article is one of nearly 500,000 scholarly works digitized and made freely available to everyone in the world by JSTOR.

Known as the Early Journal Content, this set of works include research articles, news, letters, and other writings published in more than 200 of the oldest leading academic journals. The works date from the mid-seventeenth to the early twentieth centuries.

We encourage people to read and share the Early Journal Content openly and to tell others that this resource exists. People may post this content online or redistribute in any way for non-commercial purposes.

Read more about Early Journal Content at <http://about.jstor.org/participate-jstor/individuals/early-journal-content>.

JSTOR is a digital library of academic journals, books, and primary source objects. JSTOR helps people discover, use, and build upon a wide range of content through a powerful research and teaching platform, and preserves this content for future generations. JSTOR is part of ITHAKA, a not-for-profit organization that also includes Ithaka S+R and Portico. For more information about JSTOR, please contact support@jstor.org.

railroads or industrials, but he realizes that there are also discouraging features connected with public utilities. Altogether, this little treatise shows the French investor the advantages of certain bonds, and seeks to remove the national prejudice against absolutely good, safe, and desirable American bonds.

ROGER W. BABSON.

Auditing and Cost Accounts. By SEYMOUR WALTON and STEPHEN W. GILMAN. (New York: Alexander Hamilton Institute. 1911. Pp. xx, 512. \$2.50.)

This volume (XI) of the "Modern Business" series is composed of two parts, the first on "Auditing," by Professor Walton, and the second on "Cost Accounts," by Professor Gilman. In Part 1, the subject of auditing has been closely correlated with accounting, in order to bring out the underlying principles that should be observed, and the benefits to be derived from the constructive work of the auditor. Walton stands on safe ground in nearly every case; he carefully points out all possibilities of fraud and deception, and is very particular in each instance to outline the best plan for avoiding such fraud. Wherever there are several alternative methods of treating a special class of items, he shows these alternatives, and gives his reasons for rejecting unsound methods and for adopting the course he suggests. He considers in detail the methods the auditor should adopt in handling the more important and difficult accounts, and treats these with a lucidity that is exemplary. But occasional lapses are noticed from the general high standard of the work. A typographical error has transposed the words "ledger" and "balance" (pp. 53, 11, 17, 18). Even an untrue statement is made, when he says, "The balance sheet, as we have seen, is a statement of the condition of business as shown by the ledger" (p. 119); for such items as wages and interest accrued, due and unpaid, inventory, etc., would not appear on the ledger unless the accounts were being closed, while a balance sheet, in which these would have to be included in order to be correct, is frequently made out without the closing of the books. Further, his treatment of "Patents" account, by adding "the expense of legal fees in defending the patents or in prosecuting any infringers" (p. 77), as an integral part of the value of the patents, seems of doubtful validity; for the value of the patents for manufacturing purposes is not enhanced by the ex-

penses incident to defending them. Such legal fees are more of the nature of commercial or operating expenses than of additions to capital; just as any legal expenses incurred in defending the ownership of factory machinery would not be treated as an increase in value of the machinery, but rather as one of the business expenses. Then, his chapter on "Testifying" (ch. xvii) is composed of two totally distinct subjects; sections 153-157 inclusive are devoted to the auditor as a witness, while the rest of the chapter is devoted to a discussion of system making.

Of Part II we are unable to make as favorable statements. In his first two chapters, Professor Gilman shows clearly the purpose and necessity of cost accounting and its advantages to the manufacturer and to the public, in preventing waste and misdirected energy, and in securing the highest efficiency. In this, and in his analysis of the elements that enter into manufacturing cost, he has done good work. In his discussion of labor and material as the important elements of cost, he goes into great detail and shows the methods employed in making the proper distribution of these to the various works that are being carried on; but he does not seem to be always clear, for the multiplying of details and of the forms of record used in three different establishments, while it may broaden the viewpoint of those who are already familiar with cost accounts, tends to confuse and obscure some features of the subject for others. The work gives evidence of its having been done in undue haste, for it is throughout ill-digested. Typographical errors are numerous; e. g., "for" (p. 266, l. 26) should be "or;" "Chapter V" (p. 363, l. 22) should be "Chapter VII;" "non-produced" (p. 378, l. 5) should be "tons produced," as we see by reference to Figure 49, p. 377; "cinders" (p. 378, l. 20) should be "cylinder" to agree with the column on the previous page. An error in figures is observed in Figure 8 (p. 302, last column), where \$23.25 should be \$20.75, and \$80.00 should be \$77.50. Also, in the table of contents, no mention is made of chapter IX, but the subjects of chapters VIII and IX are put together under chapter VIII. In his chapter on the installation of a cost accounting system (ch. viii), the author has brought together, apparently in haste, a long series of cost account forms in use by the Bridgeport Brass Co., with a running comment upon them; but, unfortunately, the close relation of one form to others has not been elaborated so as to present the system as an organic and inte-

grated whole. In chapter IX, he treats of cost accounts for public service corporations, including steam railroads, gas companies and electric utilities. Under the first of these, his work is largely but a reprint of the classification of the expenses of steam roads as given in the Interstate Commerce Commission's pamphlet upon that subject. The meager discussion of gas and electric companies is, in each case, chiefly confined to an analysis of the cost of the manufactured product and of the expenses of operation and the sources of income; but the accounting forms and principles necessary for such concerns have not been considered. I fail to see that any useful purpose has been served by this final chapter. Dr. Moxey has handled these subjects so well in the tenth volume of this series, that this part of Gilman's work should have been left out. This text contains some good things, but it fails to construct a system of cost accounts from beginning to end, such as is done, for example, by Eddis, Bunnell, or others whom we might mention.

W. T. JACKMAN.

University of Vermont.

NEW BOOKS

BRENTANO, L. *Familienfideikomnisse und ihre Wirkungen*. Volkswirtschaftliche Zeitfragen, 258. (Berlin: L. Simion. 1911. Pp. 31. 1 m.)

BROMLEY, G. W. and W. S., compilers. *Owners of real estate, borough of Manhattan, city of New York, arranged alphabetically by streets, also containing a list of owners, alphabetically arranged giving the property owned by each*. (New York: G. W. Bromley & Co. 1912. Pp. 727. \$75.)

CHEVILLIARD, G. *Le stock exchange. Les usages de la place de Londres et les valeurs de placement*. Third edition. (London: Effingham Wilson. 1911. Pp. ix, 280.)

DAWSON, S. S. *The accountant's compendium*. Fourth edition, enlarged. (London: Gee & Co. 1912. Pp. 750. 25s.)

DAY, C. M. *Silk mill costs*. (New York: Ronald Press. 1912. \$2.50.)
Written by the cost specialist who installed the systems described.

EASTON, H. T. *Tate's modern cambist*. (London: Effingham Wilson. Pp. 54.)

GALLOWAY, L. and BUTLER, R. S. *Advertising, selling and credits*. (New York: Alexander Hamilton Institute. 1911. Pp. xxiii, 651. \$2.50.)

Part I ably discusses the psychology, technique, and economical employment of advertising as a means of increasing business; Part